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Contact:
Darren Pudgil (619) 301-2884

MAYOR JERRY SANDERS

FACT SHEET

MORE GOOD FINANCIAL NEWS FOR SAN DIEGO

Sanders Upgrades Total Retiree Healthcare Reform Savings to \$802 Million

The retiree healthcare reform plan unveiled by Mayor Jerry Sanders last year will produce an additional \$88.2 million in taxpayer savings, Sanders announced today.

Last May, Sanders announced that he had reached agreements with the city's labor unions to reform the city's retiree healthcare system. For the first time, all city employees who choose a guaranteed retiree health benefit will pay for a share of their retiree healthcare costs. At the time, Sanders projected the savings to the city would be approximately \$714 million over the next 25 years.

Since then, employees have selected their retiree healthcare plans, which have varying degrees of costs and coverages.

Now that employees have decided, Sanders has updated the savings projection to \$802.2 million over the next 25 years.

"As I said last year, this is the largest cost-savings measure in city history," said Sanders. "And now, it's even better. The city will have more money for police, fire, parks, libraries, street resurfacing, and other city services."

In addition, the reform plan will cut the retiree healthcare system's unfunded liability (deficit) in half -- from \$1.1 billion to \$567.6 million.

Sanders said the retiree healthcare reform plan will not impact next year's budget. He said future mayors and councils will be able to utilize the savings to restore the services that were cut during

the national recession. He also added that San Diego is way ahead of other cities when it comes to addressing the financial challenges of retiree healthcare.

Due to Sanders' reform measures – like managed competition and departmental streamlining – along with an uptick in tax revenue, the city has its first structurally-balanced budget in decades – with a surplus of \$119 million projected for the next five years. Sanders presented the budget to the city council on Monday.

San Diego's improved financial condition contrasts sharply with California's other big cities like Los Angeles, which is facing a \$222 million budget shortfall next year, and San Francisco which has a \$229 million gap next year.

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